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C O N F I D E N T I A L SECTION 01 OF 02 MEXICO 001674

SIPDIS

PASS TO WHA/CCA DAVID MCFARLAND
WHA/MEX FOR LIZ WOLFSON

E.O. 12958: DECL: 05/29/2018

TAGS: ETRD ETTC PREL CU MX

SUBJECT: MEXICO REVIEW FOR SUSPENSION OF TITLE III OF LIBERTAD ACT

REF: A. STATE 52541
¶B. MEXICO 1003
¶C. HAVANA 264
¶D. HAVANA 145

Classified By: AMBASSADOR GARZA FOR REASONS 1.4(b) and (d)

Summary

¶1. (C) Post supports continued waiver of Title III provisions of the Libertad Act for Mexico. Trade between the countries decreased by 10% in 2007. The Government of Mexico (GOM) reached a debt settlement with Cuba that was the first step towards normalizing relations which had turned markedly chillier during the Fox Administration. Mexico's Foreign Secretary visited Cuba and a visit by her Cuban counterpart is expected in September 2008. Mexico does not engage Cuba publicly on human rights issues but has assured the Ambassador it remains a point of private discussion. Mexico continues to press Cuba for a repatriation agreement to address the thousands of Cubans transiting Mexico to the U.S. annually. End Summary

Bilateral Trade and Debt Settlement

¶2. (U) A key sticking point in the frosty bilateral relations between Cuba and Mexico had been the outstanding USD 400 million debt owed by Cuba to Mexico's Bancomext. On February 18, 2008, Bancomext announced that an agreement had been reached to refinance Cuba's debt (ref B). Settling the debt was the first step in President Felipe Calderon's push to return relations to a correct level after years of coolness. Mexican officials think trade may increase, but only gradually, as Mexican exporters still view the island with trepidation.

¶3. (U) Mexican investment in Cuba is principally geared towards the agricultural and food sectors, the tourism sector, and the construction sector. In July 2002, Mexico and Cuba entered into a Complementary Economic Agreement (ACE-51). ACE's are similar to Free Trade Agreements, but only include some sectors. The countries have pledged to revise their ACE-51. In 2001, Mexico and Cuba signed an Investment Promotion and Protection Agreement (APRI). Both Mexico and Cuba are also members of the Latin American Integration Association (ALADI). In 2007, Mexican exports to Cuba decreased by 10%. On May 9, Mexico announced the opening of a USD 20 million USD export finance revolving credit line. A Mexican trade delegation also recently visited Cuba.

High Level Visits

¶4. (C) Mexican Foreign Secretary Patricia Espinosa visited Cuba on March 13-14 (ref C). She and her counterpart, Cuban Foreign Secretary Felipe Perez Roque, discussed normalization of relations, as well as the desire to reactivate bilateral agreements on migration, investment, commerce, science, and technology, among others. During the visit, the Foreign Secretaries adopted a joint communique. In the communique, Perez Roque accepted an invitation for a reciprocal visit to Mexico in September 2008, where he will present an invitation to President Calderon from President Raul Castro to make an official visit to Cuba.

Migration

¶5. (SBU) In April, Cuba sent a delegation to Mexico to discuss improving cooperation on immigration matters, a priority for Mexico given the rising number of Cubans using Mexico as a staging ground to enter the U.S. Repatriation of Cubans detained by Mexican immigration officials remains a sticking point. Mexico would like to send back all Cubans without legal status in Mexico. Cuba, however, has proven insistent on not taking back any Cubans who have entered Mexico through a third country, maintaining they should be returned to that country and not Cuba. Cuba has also rejected the return of Cubans who entered Mexico legally, generally agreeing only to consider the return of Cubans rescued at sea. Victor Arriaga, the Foreign Ministry's Deputy Director of the Office for Latin America indicated that Mexico and Cuba are looking to sign an agreement later this year on immigration matters including cooperation on combating traffickers and facilitating emission of

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immigration documents but he was skeptical about closing the gap between the two sides on the question of repatriation of Cubans traveling to the U.S. through Mexican land routes.

Promotion of Democracy and Human Rights

¶6. (C) GOM officials told us that human rights concerns were raised privately in the course of the Foreign Minister's recent visit to Cuba, but persist in their view that public discussion of the issue is not constructive at this time. A press release following Fidel Castro's announcement that he would not seek a subsequent presidential term, stated that Mexico "attentively follows the political events of this new stage in Cuban history with clear respect for the self-determination and will of the Cuban people." Mexico maintains a position critical of the U.S. embargo on Cuba.

Reaction to Cuban Solidarity Day

¶6. (U) The GOM did not provide an official reaction to President Bush's statement or Embassy op-eds on Cuban Solidarity day, nor did they publish statements opposing or supporting the current regime, however there was moderate coverage in the media. A wing of the ruling party planned solidarity events, according to Mexican officials.

Exchange Programs Between Mexico and Cuba

¶7. (U) The governments of Mexico and Cuba have several student exchange programs at the post-graduate level. Medical travel to Cuba is usually paid for by individual travelers. From time to time, groups of Cuban teachers work on literacy programs in marginalized areas of Mexico. Exchanges can be expected to increase as relations improve.

Comment

¶8. (C) In recent months the Ambassador has held several

conversations about Cuba with President Calderon, Foreign Secretary Espinosa, and Secretary of Government Juan Camilo Mourino. In each instance they politely absorb our concerns but give priority to their own agenda. Mexico's desire to normalize its relations with Cuba is driven largely by financial and pragmatic considerations. Cuba had held up repayment of its \$400 million debt to Mexico in protest over former President Fox's endorsement of UN human rights resolutions condemning abuses in Cuba. President Calderon seeks to recover Mexico's stature as a more independent player on the Latin American scene positioned politically between the U.S. and other forces in the region. Finally, Mexico needs Cuba to repatriate greater numbers of the thousands of Cubans entering Mexico illegally en route to the U.S.

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